

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 157 – HB 132

March 21, 2018

SUMMARY OF ORIGINAL BILL: Clarifies that the power of the Tennessee Local Development Authority (TLDA) to purchase bonds or notes under the Tennessee Local Development Authority Act (TLDAA) is supplemental to other laws conferring that power. Clarifies that contracts for professional services by professional persons, rather than services by professional persons, are required to be based on recognized competence and integrity. Authorizes superintendents of correctional institutions to keep records of supplies electronically. Clarifies that notes and bonds and all associated income, fees, and revenues pledged to pay or secure the payment of notes and bonds issued by the Tennessee State Board Bond Authority prior to January 1, 2012, will be subject to gift taxes.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (014645): Deletes all language after the enacting clause. Outlines what actions constitute a contribution made by a governmental entity as it relates to a master development plan approved by the governmental entity.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Pub. L. No 115-97, known as the Tax Cuts and Job Act of 2017, amended 26 U.S.C. § 118 to now state that gross corporate income does not include capital contributions, and capital contributions do not include any contribution in aid of construction, or any other contribution as a customer or potential customer and any contribution by any governmental entity or civic group, other than a contribution made by a shareholder as such.
- State and local governments use capital contributions to support economic development in their respective jurisdictions.

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- Any impact to state or local government resulting from outlining what constitutes a governmental entity capital contribution as it relates to a governmental entity master development plan is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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